



Financial and Clinical Benefits Realization of Implementing Enterprise-Wide Information Systems

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Objectives

1. Define Benefits Realization
2. Understand the role of benefits definition as part of system planning, selection, and implementation
3. Understand the lifecycle of benefits realization
4. Articulate the purpose of process mapping and current/future state analysis
5. Understand the value of monitoring benefits realization



Benefits Realization?

- Benefit: something that promotes or enhances well-being; an advantage
- Realization: something that is made real or concrete



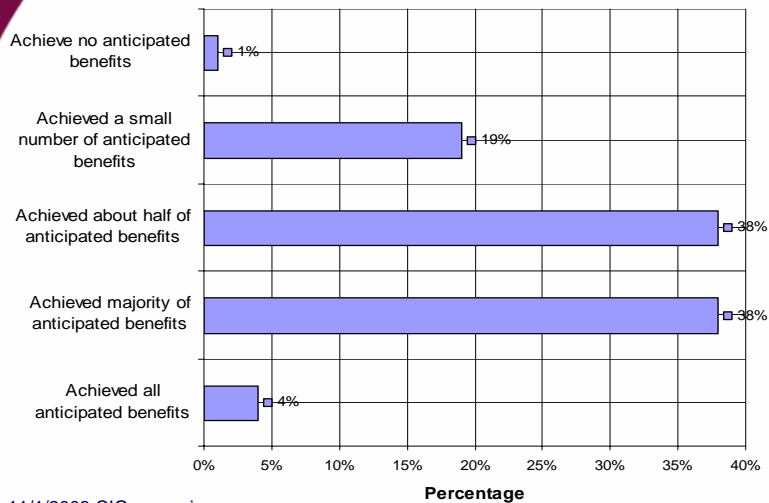
Current Healthcare Challenges

- Educated consumer population
- Staff shortages
- Resistance to process changes
- IT complexity
- Lack of matrixed delivery systems and technology solutions

Industry Focus: Reimbursement tied to Results

- IOM report results in an unfunded mandate to implement CPOE based on patient safety initiatives
- Medicare Payment Advisory Commission suggests financial incentives for CPOE implementation
- JCAHO risk assessment standards require process improvement: Pay for Performance (P4P)
 - Patient Identification, Communication, Medication Safety

Achieving Enterprise System Benefits



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System Implementation

- Not a 'Silver Bullet'
- A system is a TOOL...
 - It automates processes
 - And it automates bad processes as efficiently as good processes

Performance Optimization: Pathway to Achieving Benefits

- Defines process improvement opportunities
- Allows optimization project evaluation before automation
- Defines feature/function requirements for system selection
- Drives system design based on your requirements versus the system's feature/function

Performance Optimization

- **Defines process improvement opportunities**
- Allows optimization project evaluation before automation
- Defines feature/function requirements for system selection
- Drives system design based on your requirements versus system feature/function

Performance Optimization: The Pathway to Benefits

- Focuses on analyzing:
 - Current workflows
 - Current metrics
 - Strategic imperatives
- Comparison to Benchmarks
 - Accreditation standards
 - Accepted business standards
 - Practice standards

RESULT – Efficient, effective processes

Benefits

- Benefits do NOT just happen
 - They are not an automatic by-product of technology
- Benefits rarely happen according to plan
 - Why not
 - Expected benefits were not used to drive system selection and implementation
 - In planning, expected benefits are usually poorly defined and as a result you can't monitor to determine if they were achieved

Benefits Realization - defined

- Benefits realization is a continuous process of:
 - Identifying expected benefits,
 - Implementing,
 - Monitoring immediate results, and dynamically adjusting the path.

Types of Benefits

- Operational
 - Efficiency, streamlined workflow, increased satisfaction
- Clinical
 - Decreased errors, decreased LOS in ICU, efficacy, rates
- Financial
 - Cost effectiveness, cost reduction, cost avoidance

Committee Charter

- Formalize
 - Mission
 - Structure
 - timeline
- Authorize
 - Ownership
 - Responsibility
 - Decision making process



Benefits Development

- Key elements to document and track
 - Benefit Statement
 - Baseline Metrics
 - Monitoring method
 - Goal
 - Post Conversion
 - Post Conversion + 3 months
 - Post Conversion + 9 months

Benefits Realization Plan

- Examples
 - Nursing
 - Patient Financial

Patient Financials

- Vendor at-risk
 - Increasing net patient reimbursements per adjusted discharge
 - Reduced payor denials
- Department Benefit Goals (examples)
 - Decrease DNFB (Discharged Not Final Billed)
 - Increase percent of clean claims
 - Decrease adjustment write-offs

Nursing Benefits

Benefit Statement	Baseline Data	Monitoring	Goal
Contract Statement: Reduce length of stay	LOS Monthly Report: Average over 6 months prior to conversion	Automated, reported Monthly to Executive Dashboard	Average cost per day of Medicare Admissions multiplied by the reduction in ALOS
Contract Statement: Reduce the number of incidences where meds are administered to the wrong patient	Risk Management Incident report: Average over 6 months prior to conversion	Manual, reported Monthly to Executive Dashboard	Reduce the incidents of "wrong patient" meds administrations to 2 per month.

Patient Financials Benefits

Benefit Statement	Baseline Data	Monitoring	Goal
Contract Statement: Increase in net reimbursement per adjusted discharge	Average of net reimbursement per adjusted discharge – 6 months prior to conversion	Automated, reported Monthly to Executive Dashboard	Conversion: 0% 3 Months: 10% 9 Months: 20%
Contract Statement: Reduction in Payor denials	Medicare denials measured on a net revenue, Other payors on gross revenue basis	Automated, reported Monthly to Executive Dashboard	Ave denials (\$) per month Conversion: \$400,000 3 months: 300,000 9 months: \$150,00

Everyone Participates

- Benefits Realization is NOT an IT initiative – it is system-wide
- Successful benefits realization is driven from the top down
- Benefit 'teams' may have the monitoring duty, but EVERYONE is responsible

Measurement Strategies

- Various measurement methodology
 - Balanced Scorecard
 - Statistical Control
 - Workflow-Based
 - Self-Assessment
- Match complexity and formality to corporate culture
- Success is dependent on clear definitions
- Keep it simple

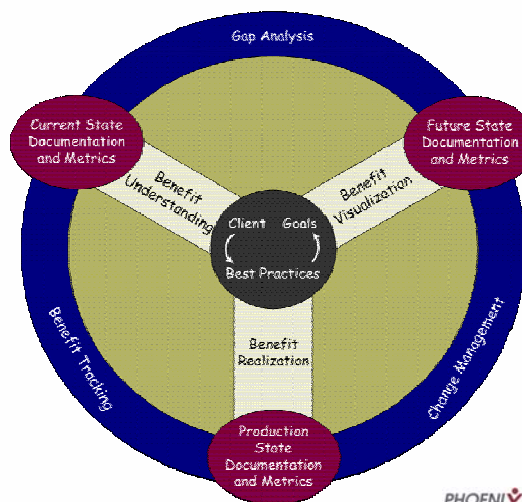
Benefits Measurements

- Pick your priorities – don't measure *everything* because you cannot monitor and change *everything*
- Above all – **Celebrate your Successes**

Benefit Tracking

- Tracking benefits can be as complex as a robust software application (executive dashboard) or as simple as a spreadsheet
- To be successful:
 - Clearly define steps, measures, intervals
 - Clearly define starts and stops in processes
 - Clearly define who is doing 'what'
 - Add to communication plan to ensure widespread knowledge
- Take action when not achieving expected benefits
 - Monitoring without action is a waste of your resources

Steering Your Organization to Benefit Realization





'Build with the End in Mind'

- Define expected benefits before beginning;
benefits as a last step will fail
- Expected benefits drive required process changes
- Change the paradigm from implementing feature/function to defining benefits that drive the system requirements



Thank you!